---- LODGED\_ 1 Judge Richard A. Jones 2 3 4 5 6 UNITED STATES DISTRICT COURT FOR THE 7 WESTERN DISTRICT OF WASHINGTON AT SEATTLE 8 9 UNITED STATES OF AMERICA, NO. CR13-0016RAJ 10 Plaintiff, 11 PLEA AGREEMENT 12 v. 13 DANIEL OBERHOLTZER, and 14 CONNECTZONE.COM, 15 13-CR-00016-BR Defendants. 16 17 The United States of America, by and through Jenny A. Durkan, United States 18 Attorney for the Western District of Washington, Norman M. Barbosa and Justin W. 19

The United States of America, by and through Jenny A. Durkan, United States Attorney for the Western District of Washington, Norman M. Barbosa and Justin W. Arnold, Assistant United States Attorneys for said District, and Defendant, DANIEL OBERHOLTZER in his personal capacity and on behalf of his company CONNECTZONE.COM LLC, by and through his attorneys, John Henry Browne and Emily Gause, enter into the following Agreement, pursuant to Federal Rule of Criminal Procedure Rule 11(c):

1. The Charge. Defendant, having been advised of the right to have this matter tried before a jury, agrees to waive that right and enter a plea of guilty to the following charge contained in the Indictment: Conspiracy to Traffic in Counterfeit

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b. As to defendant CONNECTZONE.COM LLC, a fine of up to \$5 million (\$5,000,000.00).

Defendant understands that supervised release is a period of time following imprisonment during which he will be subject to certain restrictive conditions and requirements. Defendant further understands that if supervised release is imposed and he violates one or more of the conditions or requirements, Defendant could be returned to prison for all or part of the term of supervised release that was originally imposed. This could result in Defendant serving a total term of imprisonment greater than the statutory maximum stated above.

Defendant understands that as a part of any sentence, in addition to any term of imprisonment and/or fine that is imposed, the Court may order Defendant to pay restitution to any victim of the offense, as required by law.

Defendant further understands that a consequence of pleading guilty may include the forfeiture of certain property either as a part of the sentence imposed by the Court, or as a result of civil judicial or administrative process.

Defendant agrees that any monetary penalty the Court imposes, including the special assessment, fine, costs, or restitution, is due and payable immediately and further agrees to submit a completed Financial Statement of Debtor form as requested by the United States Attorney's Office.

- 4. **Rights Waived by Pleading Guilty.** Defendant understands that by pleading guilty, he knowingly and voluntarily waives the following rights:
  - a. The right to plead not guilty and to persist in a plea of not guilty;
  - b. The right to a speedy and public trial before a jury of his peers;
  - c. The right to the effective assistance of counsel at trial, including, if Defendant could not afford an attorney, the right to have the Court appoint one for him;
  - d. The right to be presumed innocent until guilt has been established beyond a reasonable doubt at trial:

- e. The right to confront and cross-examine witnesses against him at trial;
- f. The right to compel or subpoena witnesses to appear on his behalf at trial;
- g. The right to testify or to remain silent at trial, at which trial such silence could not be used against him; and
- h. The right to appeal a finding of guilt or any pretrial rulings.
- 5. **Ultimate Sentence**. Defendant acknowledges that no one has promised or guaranteed what sentence the Court will impose.
- 6. **Restitution.** Defendant shall make restitution in an amount to be determined by the Court at the time of sentencing with credit for any amounts already paid. Said amount shall be due and payable immediately and shall be paid in accordance with a schedule of payments as proposed by the United States Probation Office and ordered by the Court.
- 7. Forfeiture. Defendant agrees to forfeit to the United States, pursuant to 18 U.S.C. § 2320(b)(3)(A)(i) any and all property, real or personal, constituting or derived from proceeds obtained directly or indirectly as a result of the said offense; and pursuant to 18 U.S.C. § 2320(b)(3)(A)(ii), any and all property, real or personal, used, in any manner or part, to commit, facilitate, aid or abet the commission of the offense; and pursuant to 18 U.S.C. § 2320(b)(3)(A)(iii), any article that bears or consists of a counterfeit mark used in committing the offense including, but not limited to, the following:
- a. Any and all digital devices used to facilitate trafficking in counterfeit goods including, but not limited to, the following:

1 2	i. A black Antec computer with 1 Western Digital hard drive - S/N WMATV4094572-1 TB;								
3	ii. A black tower computer with 1 hard drive - OCZ SSD-S/N								
4	018131102033028-120 GB;								
5	iii. A black tower computer with 1 Western Digital, hard drive -								
6	S/N WMANS1358373 - 74 GB								
7	iv. A black tower computer with 2 hard drives: Seagate - S/N 9QFA1LCW-2GB; and, Maxtor - S/N K410L43C;								
8	7Q1 A1LC W-20D, aliu, Maxiol - 5/N K410L43C,								
9	v. A black tower computer with 1 Samsung hard drive - S/N SOMQJ13P206975-320GB;								
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11	vi. A black and silver generic computer, S/N 16178136000162, with 2 Western Digital hard drives - S/N WMAVU2242924-1TB; and S/N								
12	WCATR0067095-1TB;								
13	vii. A silver tower computer with 1 Western Digital hard drive -								
14	S/N WMAM9V966856;								
15	viii. A Dell Power Edge 840 Server, serial number HWYXCF1,								
16	with 3 hard drives - Western Digital S/N WCAPO2998818-160GB; Western Digital S/N WCAP02997957-160GB; Seagate S/N 3QD07EFK-750GB;								
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18	ix. A Dell Power Edge 1900 server, serial number 2WP21G1, with three hard drives - OCZ SSD S/N A2M1C1X2T2B1LT17-110GB; Western Digital								
19	S/N WMAM9ANA8627-80GB; Western Digital S/N WCAW31374575-1TB;								
20	x. A generic tower server with one Western Digital hard drive								
21	S/N WCAJ91504113-80GB;								
22	b. Any and all counterfeit goods used or possessed as part of the								
23	offense including, but not limited to, all the items listed on Attachment A to this Plea Agreement;								
24									
25	c. All business and financial records, in whatever form, including receipts, invoices, sales records, ledgers, correspondence, supplier lists, customer lists,								
26	address books, date books, assets, shipping records, and storage records, relating to								
27	transactions associated with computer networking products seized during searches of Connectzone.com's business at 12512 Beverly Park Road, Suite B1B Lynnwood,								
28	Washington 98087 as part of this investigation;								

- d. A money judgment in an amount to be determined at the time of sentencing;
- e. Defendant recognizes that at the time of sentencing, the United States will also seek to forfeit all rights title and interest he and Connectzone.com LLC may have in the domain name <a href="www.connectzone.com">www.connectzone.com</a>. Defendant reserves the right to challenge this portion of the forfeiture.
- 8. **Statement of Facts**. The parties agree on the following facts. Defendant admits he is guilty of the charged offense or offenses:

Defendant DANIEL OBERHOLTZER is the owner and chief executive officer of defendant CONNECTZONE.COM LLC and its predecessor company, Electro Products Incorporated. Between approximately 1997, and sometime in or around June 2006, Electro Products Incorporated, was a Washington corporation that engaged in the online sales of computer networking products and maintained its principal place of business in Kent, Washington. Between approximately June 2006, and the present, Defendant CONNECTZONE.COM LLC was a Washington limited liability corporation that engaged in the online sales of computer networking products and maintained its principal place of business in Lynnwood, Washington.

Cisco Systems Incorporated ("Cisco") is a California corporation with its principal place of business in San Jose, California. Cisco develops markets, distributes and licenses a variety of computer networking equipment. Cisco owns numerous trademarks including the "Cisco" mark and bridge symbol and its ownership of these trademarks gives it the exclusive rights to sell or offer for sale products bearing its registered marks, and only Cisco may authorize copies of its products or the use of its trademarks by others.

Beginning at a date uncertain, but no later than December 2003, and continuing through in or around July 2012, within the Western District of Washington and elsewhere, DANIEL OBERHOLTZER, CONNECTZONE.COM LLC, and others known and unknown, did knowingly and willfully combine, conspire, confederate and agree

together to intentionally traffic and attempt to traffic in goods, documentation and packaging, while knowingly using on and in connection with such goods, documentation and packaging, counterfeit marks, to wit: spurious marks that were identical to and substantially indistinguishable from authentic marks that were in use and registered for those goods, documentation and packaging on the principal register of the United States Patent and Trademark Office by Cisco, the use of which counterfeit marks were likely to cause confusion, to cause mistake, and to deceive in violation of Title 18, United States Code, Sections 2320(a)(1) and (a)(2).

It was part of the conspiracy that DANIEL OBERHOLTZER doing business as Electro Products Incorporated and CONNECTZONE.COM LLC, operated websites that advertised and sold computer networking cables including products bearing trademarks owned by Cisco. Mr. OBERHOLTZER and others working for him at CONNECTZONE.COM and Electro Products Incorporated would obtain counterfeit computer networking cables including products bearing counterfeit Cisco trademarks from suppliers in China and elsewhere. As part of the conspiracy, Mr. OBERHOLTZER, CONNECTONZONE.COM LLC and its employees would advise their foreign suppliers regarding how to manufacture products that would look like genuine Cisco trademarked goods. Mr. OBERHOLTZER and his employees would also manufacture products bearing counterfeit Cisco trademarks using materials provided by suppliers in China and elsewhere. During the course of the conspiracy Mr. OBERHOLTZER, CONNECTZONE.COM LLC and his employees distributed counterfeit Cisco computer networking cables, and packaging for these products, to customers throughout the United States knowing full well that the products and packaging bore counterfeit Cisco trademarks. The counterfeit Cisco marks on the goods were identical to the "Cisco" trademarks that were in use and registered for those goods, documentation and packaging on the principal register of the United States Patent and Trademark Office. As a result, the use of the counterfeit marks was likely to deceive the buyers.

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On or about August 8, 2011, Immigration and Customs Enforcement agents executed a search warrant at Connectzone.com in Lynnwood, Washington and seized approximately 6,600 counterfeit Cisco networking cables and approximately 50 counterfeit Cisco networking modules. DANIEL OBERHOLTZER and CONNECTZONE.COM LLC, were in possession of those counterfeit Cisco goods with intent to distribute them while knowingly using counterfeit Cisco marks that were identical to and substantially indistinguishable from the "Cisco" marks that were in use and registered for those goods, on the principal register of the United States Patent and Trademark Office. The use of those counterfeit marks was likely to cause confusion, to cause mistake, and to deceive the customers of Connectzone.com. The retail value of genuine Cisco products of the same type is approximately \$721,281.00.

- 9. United States Sentencing Guidelines. Defendant understands and acknowledges that the Court must consider the sentencing range calculated under the United States Sentencing Guidelines and possible departures under the Sentencing Guidelines together with the other factors set forth in Title 18, United States Code, Section 3553(a), including: (1) the nature and circumstances of the offense; (2) the history and characteristics of the defendant; (3) the need for the sentence to reflect the seriousness of the offense, to promote respect for the law, and to provide just punishment for the offense; (4) the need for the sentence to afford adequate deterrence to criminal conduct; (5) the need for the sentence to protect the public from further crimes of the defendant; (6) the need to provide the defendant with educational and vocational training, medical care, or other correctional treatment in the most effective manner; (7) the kinds of sentences available; (8) the need to provide restitution to victims; and (9) the need to avoid unwarranted sentence disparity among defendants involved in similar conduct who have similar records. Accordingly, Defendant understands and acknowledges that:
- a. The Court will determine applicable Defendant's Sentencing Guidelines range at the time of sentencing;
  - b. After consideration of the Sentencing Guidelines and the factors in

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apply additional downward or upward adjustments in determining Defendant's Sentencing Guidelines range.

- 11. **Sentencing Recommendation**. The parties agree to jointly recommend a sentence of 37 months followed by three years supervised release. The parties are free to recommend any conditions of supervised release the parties deem appropriate and defendant acknowledges that the United States may also recommend a fine. Defendant understands that the Court is free to reject this recommendation, and is free to apply any conditions of supervised release and/or probation that it deems appropriate.
- 12. Non-Prosecution of Additional Offenses. As part of this Plea Agreement, the United States Attorney's Office for the Western District of Washington agrees not to prosecute Defendant for any additional offenses known to it as of the time of this Agreement that are based upon evidence in its possession at this time, and that arise out of the conduct giving rise to this investigation. In this regard, Defendant recognizes the United States has agreed not to prosecute all of the criminal charges the evidence establishes were committed by Defendant solely because of the promises made by Defendant in this Agreement. Defendant agrees, however, that for purposes of preparing the Presentence Report, the United States Attorney's Office will provide the United States Probation Office with evidence of all conduct committed by Defendant.

Defendant agrees that any charges to be dismissed before or at the time of sentencing were substantially justified in light of the evidence available to the United States, were not vexatious, frivolous or taken in bad faith, and do not provide Defendant with a basis for any future claims under the "Hyde Amendment," Pub.L. No. 105-119 (1997).

13. Breach, Waiver, and Post-Plea Conduct. Defendant agrees that if
Defendant breaches this Plea Agreement, the United States may withdraw from this Plea
Agreement and Defendant may be prosecuted for all offenses for which the United States
has evidence. Defendant agrees not to oppose any steps taken by the United States to
nullify this Plea Agreement, including the filing of a motion to withdraw from the Plea
Plea Agreement/Oberholtzer and Connectzone.com
UNITED STATES ATTORNEY

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1 | Agreement. Defendant also agrees that if Defendant is in breach of this Plea Agreement, Defendant has waived any objection to the re-institution of any charges in the Indictment that were previously dismissed or any additional charges that had not been prosecuted.

Defendant further understands that if, after the date of this Agreement, Defendant should engage in illegal conduct, or conduct that violates any conditions of release or the conditions of his confinement, (examples of which include, but are not limited to, obstruction of justice, failure to appear for a court proceeding, criminal conduct while pending sentencing, and false statements to law enforcement agents, the Pretrial Services Officer, Probation Officer, or Court), the United States is free under this Agreement to file additional charges against Defendant or to seek a sentence that takes such conduct into consideration by requesting the Court to apply additional adjustments or enhancements in its Sentencing Guidelines calculations in order to increase the applicable advisory Guidelines range, and/or by seeking an upward departure or variance from the calculated advisory Guidelines range. Under these circumstances, the United States is free to seek such adjustments, enhancements, departures, and/or variances even if otherwise precluded by the terms of the plea agreement.

- 14. Waiver of Appeal. In addition to the right to appeal any pretrial rulings which are waived by a plea of guilty, as part of this Plea Agreement and on the condition that the Court imposes a custodial sentence that is within or below the Sentencing Guidelines range (or the statutory mandatory minimum, if greater than the Guidelines range) that is determined by the Court at the time of sentencing, Defendant waives to the full extent of the law:
- any right conferred by Title 18, United States Code, Section 3742 to appeal a. the sentence, including any restitution order imposed; and
- b. any right to bring a collateral attack against the conviction and sentence, including any restitution order imposed, except as it may relate to the effectiveness of legal representation.

This waiver, however, does not preclude Defendant from bringing an appropriate motion pursuant to 28 U.S.C. 2241, to address the conditions of his confinement or the decisions of the Bureau of Prisons regarding the execution of his sentence.

If Defendant breaches this Plea Agreement at any time by appealing or collaterally attacking (except as to effectiveness of legal representation) the conviction or sentence in any way, the United States may prosecute Defendant for any counts, including those with mandatory minimum sentences, that were dismissed or not charged pursuant to this Plea Agreement.

- 15. Voluntariness of Plea. Defendant agrees that he has entered into this Plea Agreement freely and voluntarily and that no threats or promises, other than the promises contained in this Plea Agreement, were made to induce Defendant to enter his plea of guilty.
- 16. Statute of Limitations. In the event this Agreement is not accepted by the Court for any reason, or Defendant has breached any of the terms of this Plea Agreement, the statute of limitations shall be deemed to have been tolled from the date of the Plea Agreement to: (1) thirty (30) days following the date of non-acceptance of the Plea Agreement by the Court; or (2) thirty (30) days following the date on which a breach of the Plea Agreement by Defendant is discovered by the United States Attorney's Office.

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## ATTACHMENT A

Line		Quantity Item		Item			Total		Total	
]tem	Item Description	(Apprx)	DV		MSRP		DV			MSRP
1	CAB-V35MT	751	\$	60.00	\$	100.00	s	45,060.00	\$	75,100.00
2	CAB-OCTAL-ASYNC	711	\$	31.00	5	200.00	\$	22,041.00	\$	142,200.00
3	CAB-232-FC	100	\$	60.00	\$	100.00	\$	6,000.00	s	10,000.00
4	CAB-H08-ASYNC (CAB-HD8-ASYNC)	429	\$	100.00	\$	150.00	\$	42,900.00	\$	64,350.00
5	CAB-OCT-V35MT	21	\$	170.00	\$	750,00	\$	3,570.00	\$	15,750.00
6	CAB-SS-X21MT	600	\$	50.00	\$	100.00	\$	30,000.00	\$	60,000.00
7	CAB-6060X	546	\$	25.00	5	25.00	\$	13.650.00	\$	13,650.00
8	CAB-22-2626X (CAB-SS-2626X)	400	\$	37.00	\$	37.00	\$	14,800.00	\$	14,800.00
12	CAB-V35FC	863	\$	100.00	\$	100.00	\$	86,300.00	\$	86,300.00
13	CAB-X-21MT	396	\$	40.00	\$	100.00	\$	15,840.00	\$	39,600.00
17	CAB-H60MTC-1.5	465	\$	10.00	\$	10.00	\$	4,650.00	\$	4,650.00
18	CAB-OCT-232-FC	12	\$	150.00	\$	650.00	\$	1,800.00	\$	7,800.00
19	CAB-H60-MTC-16	20	\$	35.00	\$	35.00	ŝ	700.00	\$	700.00
20	CAB-E1-BNC	44	\$	19.00	\$	100.00	\$	836.00	\$	4,400.00
22	CAB-530MT	8	\$	25.00	\$	100.00	\$	200.00	\$	800.00
23	CAB-OCT-233-MT	20	\$	150.00	\$	650.00	\$	3,000.00	\$	13,000.00
24	CAB-H60MTC-6	55	\$	19.00	\$	19.00	\$	1,045.00	\$	1,045.00
25	CAB-FO-SSG-6510	5	\$	35.00	\$	35.00	\$	175.00	\$	175.00
26	CAB-SS-V35-FC	76	\$	50.00	\$	100.00	\$	3,800.00	Š	7,600.00
28	CAB-SS-232MT	160	\$	50.00	\$	100.00	\$	00.000.8	\$	16,000.00
29	CAB-SS-232FC	100	\$	20.00	\$	100.00	\$	2,000.00	\$	10,000.00
30	CAB-SS-232MC	13	\$	50.00	\$	50.00	\$	650.00	\$	650.00
31	CAB-SS-2660X-10	50	\$	50.00	\$	50.00	\$	2,500.00	\$	2,500.00
32	CAB-SS-530FC-10	18	\$	50.00	\$	50.00	\$	900.00	\$	900.00
33	CAB-SS-530-AMT	70	\$	60.00	\$	100.00	\$	4,200.00	\$	7,000.00
34	CAB-2626X-15	6	\$	50.00	\$	50.00	\$	300.00	\$	300.00
35	CAB-2626X-25	. 9	\$	70.00	\$	75.00	\$	630.00	\$	675.00
36	CAB-SS-V35MT	615	Š	50.00	\$	100.00	\$	30,750.00	\$	61,500.00
37	WS-G5484	29	\$	500.00	\$	500.00	\$	14,500.00	Š	14,500.00
38	WIC-1DSU-T1	1	\$	1,000.00		1,000.00	\$	1,000.00	\$	1.000.00
39	WIC-1T	2	\$	400.00		400.00	\$	800.00	\$	800.00
40	WS-G5483	1	\$	395.00	\$	395.00	\$	395.00	\$	395.00
41	WS-G5487	2	\$	3.995.00	•	3.995.00	\$	7,990.00	\$	7,990.00
42	WS-G5486	14	\$	995.00	\$	995.00	\$	13,930.00	\$	13,930.00
43	CAB-STACK-3M (72-2634-01)	67	\$	150.00	\$	300.00	\$	10,050.00	\$	20,100.00
54	GLC-SX-MM	19	\$	59.00	\$	59.00	\$	1,121,00	\$	1,121.00
		<del>-</del> -	•	52.50	•		\$	396,083.00		721,281.00